GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:2598
ANSWERED ON:16.12.2004
PIPE LINE PLAN OPPOSED BY GAIL CHIEF
Singh Shri Uday

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the attention of the Government has been drawn towards the newsitem captioned `GAIL Chief opposes Aiyer`s pipeline plan` as reported in the Statesman dated October 9, 2004;

(b) if so, whether the Government propose to break the monopoly of GAIL in setting up gas pipeline in the country; and

(c) if so, to what extent the consumers would be benefited by breaking the monopoly of GAIL in this regard?

Answer

MINISTER OF PETROLEUM & NATURAL GAS & PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a): GAIL has represented against the entry of other players into the gas transmission business as, in their view, this would hamper the smooth operation of pipelines and growth opportunities for GAIL in the sector. GAIL have, therefore, requested for grant of monopoly for laying all the natural gas interstate transmission pipelines in the country.

(b) & (c) Under the existing policy, any entity can set up gas transmission and distribution networks without any Authorization/license from the Government. Natural gas/LNG is under Open General Licence (OGL) and 100% Foreign Direct Investment (FDI) is permitted for natural gas pipeline projects. However as natural gas pipelines are highly capital intensive projects, they are considered natural monopolies and, therefore, Government propose to regulate them. Based on the feedback received from various stakeholders, including major domestic and international oil and gas companies, different Chambers of Commerce and Industries, State Governments, etc., and after inter-ministerial consultations, Government have under consideration a draft pipeline policy which envisages the development of a natural gas pipeline infrastructure in a competitive environment involving both the public sector and private sector. This will encourage competition, efficiency and greater investment in this sector, all of which will ultimately benefit the consumer and the economy in general.